

Mr. Rubin said he is not inclined to deploy the Treasury's limited resources to design a tax reform scheme of its own."

Now, we have laid out before the America people as Republicans in the Contract With America our ideas of how to do this, and I would just say to Secretary Rubin, please, if you do not agree with us, at least recognize that the economy is showing signs of slowing, and please recognize that we have had seven interest rate increases in the last year, and please recognize that we had the largest tax increase to date in 1990, surpassed only by another more immense tax increase in 1993, and that taxes are at relative high rates and interest rates are relatively high, and yet Secretary Rubin does not worry about our Tax Code inhibiting savings investment and economic growth. He apparently does not want us to make changes to put in place tax policy proven to promote economic growth and savings.

Today our Tax Code and other Government policies promote dependence in my view on government and retard economic growth. Let me just point to a couple of examples.

Last week the Joint Economic Committee held a hearing here on the minimum wage and whether or not it should be increased as President Clinton has suggested. One of the things that we pointed out in that, and I will conclude with this, as to how government policy can promote dependence, is that \$1 out of every \$4.25, which is the minimum wage, comes to the Federal Government in terms of taxes. If that is in fact the case, it simply makes more sense for people of remain unemployed or go on welfare. These are the kinds of policies that we need to address as Republicans and Democrats with Secretary Rubin's help.

BALANCED BUDGET AMENDMENT SHOULD LIMIT SPENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. SMITH] is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, yesterday, the Senate failed to muster the courage to join us in passing the balanced budget amendment. Thomas Jefferson once called public debt "the greatest of dangers to be feared." Borrowing and spending is addictive for politicians, Thomas Jefferson, in a letter to Elbridge Gerry in 1799, wrote:

I am for a government rigorously frugal and simple, applying all the possible savings of the public revenue to the discharge of the national debt; and not for a multiplication of officers and salaries merely to make partisans, and not for increasing by every device, the public debt, on the principle of it's being a public blessing.

I agree with Mr. Jefferson wholeheartedly, and I suspect that most other Americans do as well.

Today, I am introducing a constitutional amendment that would attack

the root cause of our budget deficit, that is Government spending. My amendment would limit the growth of Federal spending to the rate of economic growth as measured by gross domestic product. This would freeze the growth of Government as a percentage of the U.S. economy. The language of the amendment is an adaptation of a spending control proposal in Milton Friedman's book, "Free to Choose." Professor Walter Williams, Chairman of the Economics Department at George Mason University, and the National Taxpayers' Union have endorsed this concept. The CATO Institute has given their enthusiastic support and suggested that this might be an acceptable compromise position to the balanced budget amendment.

Today, the Federal debt is in excess of \$4.7 trillion and growing at a rate of \$200 to \$300 billion per year. This is both an economic and a moral problem. The economic problem is that deficit financing is the ultimate form of hidden taxation. Federal borrowing injects a huge pro-spending bias into the budget process by allowing politicians to hand out a dollar of Government spending to voters, while only imposing 80 cents of taxes.

Unbridled Federal spending will eventually lead to what economists call monetizing of the debt, which in plain English means that the government pays for its debt by increasing the money supply, thereby causing inflation. This hidden tax, which Adam Smith called the worst form of taxation, strikes most heavily on those who save. As every senior citizen knows, their security can be wiped out in short order by even moderate inflation. At 8 percent inflation, the Government can effectively take away half of the money one has saved over a lifetime of work in about 9 years.

The moral argument for a balanced budget is that Federal borrowing is taxation without representation. Recall the words of the Declaration of Independence which refers to the repeated injuries and usurpations of King George because he imposed taxes on us without our consent. Can't our children make this same claim against a Congress that saddles them with debt interest payments that are already at \$339 billion annually? None of our children and grandchildren currently have a say in the political process. Federal deficits may almost be thought of as a form of fiscal child abuse.

I call on my colleagues to stop deficit spending, and I call on all citizens to commit themselves to do their part, to sacrifice some of the many things they get from Government, so we can cut spending, look our kids in the eye, and tell them that we will no longer force them to pay future taxes to enhance our current standard of living.

As a nation of people who look to the future, and care about our children as much as we care about ourselves, we can make the commitment to limit spending, and keep that commitment.

BALANCED BUDGET AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. HOKE] is recognized for 5 minutes.

Mr. HOKE. Mr. Speaker, the events yesterday and in the past several days in the other body have compelled me to come to the well to, if nothing else, at least vent a little bit to you and to the American people regarding the disgrace and hypocrisy that we have seen come out of the other side of this building unfortunately.

It is just stunning that we stood on the brink, right on the brink of actually enacting at least from our Congress a balanced budget amendment that would then go to the States and the State legislatures could make their own decisions on these things, that we stood on the very brink of that, and now we have been completely—we are not able to find out even what the States want to do in this area. The truth is that there was hypocrisy, there was deceit, there was deception, and there was lying on the other side of this building, in the other body, with respect to promises that were made and promises that certainly were not kept.

Let's go back to what this amendment is all about. Really to find out what it is all about you have to go back to the year 1789, when Thomas Jefferson wrote:

I fear there is only one thing that we have kept out of the Constitution of the United States. It has one flaw, and that is that we have not restricted the Federal Government's ability to borrow money. We have not restricted the Federal Government's ability to borrow money.

What extraordinary clairvoyance Thomas Jefferson could have, that he would see in 1789 what has truly come home to roost in 1995.

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And with a \$5 trillion or nearly \$5 trillion debt, the ability of this Federal Government to borrow, borrow, borrow and mortgage the future of our country, of our children, of our grandchildren, and that he was able to see in 1789 that there ought to be some restriction on borrowing money by the Federal Government, because if we do not restrict it, as we did not, then the Government finally figures it out. It figures out that you can buy constituencies. You can purchase influence. You can buy votes. And that is exactly—I mean the votes of people that elect Members of Congress, elect people to the Senate—and that is exactly what has happened. That is how it is possible that this Government could be so far in the red that it could exist so far beyond its means.

In 1789 he recognized that. And what is it exactly that this balanced budget amendment would do? It is pretty